

## Message Text

PAGE 01 NATO 00801 01 OF 02 132132Z

64

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-11

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAM-01 SAJ-01 H-03 NSC-10 SS-20 ACDA-19 EB-11 OMB-01

DRC-01 /148 W

----- 020189

R 131925Z FEB 74

FM USMISSION NATO

TO SECSTATE WASHDC 4060

SECDEF

DEPT OF COMMERCE

INFO ALL NATO CAPITALS 3701

AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 0801

VIENNA FOR USDEL MBFR

E.O. 11652: GDS

TAGS: PFOR, MCAP, EFIN, NATO

SUBJ: NAC MEETING, 13 FEB 1974, AGENDA ITEM II: FINANCIAL

PROBLEMS ARISING FROM THE STATIONING OF UNITED STATES FORCES  
IN EUROPE

REF: A) STATE 28373; B) STATE 29095

SUMMARY: COUNCIL DISCUSSION FOCUSED ON LAULAN REPORT  
ON RECENT CONSULTATIONS IN WASHINGTON WITH U.S.

INTERAGENCY WORKING GROUP. LAULAN CITED AGREEMENT  
REACHED ON CATEGORIES OF PROCUREMENT DEVELOPED BY  
ECONOMIC DIRECTORATE, BELGIAN CASE STUDY, AND  
SUPPLEMENTARY LIST OF ITEMS OF POTENTIAL MILITARY  
USE WHICH WOULD BE ELIGIBLE. IN EXCHANGE WITH  
DE STAERCKE (BELGIUM) LAULAN CLARIFIED THAT FY74 WAS  
TIME PERIOD FOR CREDITABLE PROCUREMENT, BUT THAT  
MILITARY PURCHASES MADE BY ALLIES THROUGH MAY 1975  
CONFIDENTIAL

PAGE 02 NATO 00801 01 OF 02 132132Z

COULD BE COUNTED IF NECESSARY TO MEET DEFICIT PROVIDED  
IT COULD BE DEMONSTRATED SUCH PURCHASES WERE  
ADDITIONAL TO NORMAL MILITARY EXPENDITURE. DE  
STAERCKE PRESSED AGAIN FOR GREATER DETAIL ON U.S.

MILITARY EXPENDITURE DATA. US REP MCAULIFFE EXPRESSED U.S. APPRECIATION FOR WORK UNDERTAKEN BY LAULAN AND FOR EXAMPLE SET BY BELGIANS IN COLLECTING DATA. HE CONFIRMED THAT DEFINITIONS PROVIDED LAULAN OF ELIGIBLE PROCUREMENT WERE OFFICIAL. LAULAN INTENDS CIRCULATE REPORT ON WASHINGTON CONSULTATIONS (SEPTEL). END SUMMARY.

1. SYG LUNS SAID THAT ALTHOUGH UNFORTUNATELY NO FURTHER PROGRESS HAD BEEN MADE IN SPECIALIZED COMMITTEES ON BURDENSHARING, ITEM AGAIN ON THE AGENDA BECAUSE IT WAS LAST OPPORTUNITY FOR COUNCIL DISCUSSION PRIOR TO PRESIDENT NIXON'S FEBRUARY 16 REPORT TO CONGRESS. REVIEWING PRESENT STATUS, LUNS SAID COUNCIL STILL AWAITING MOST CURRENT FORECAST AND DETAILED BREAKDOWN OF U.S. MILITARY EXPENDITURES IN NATO EUROPE; ALLIANCE MEMBERS NOW HAVE ECONOMIC DIRECTORATE REPORT ON OVERALL BALANCE OF PAYMENTS SITUATION (ED/74/30(1)); AND MOST IMPORTANTLY, NATO ECONOMIC DIRECTOR LAULAN HAS VISITED U.S. FOR CONSULTATIONS WITH U.S. AUTHORITIES. AS RESULT OF LAULAN'S VISIT, LUNS NOTED, ALLIANCE NOW HAS CLEARER IDEA OF HOW JACKSON-Nunn AMENDMENT WILL BE INTERPRETED AND OF TYPES OF PROCUREMENT THAT WILL BE ELIGIBLE IN THIS CONTEXT. HE URGED ALL EUROPEAN ALLIES TO COMPLETE ACCOUNTING PROCEDURE WITH ECONOMIC DIRECTORATE AS SOON AS POSSIBLE.

2. IN RESPONSE TO REQUEST BY CHORAGAS (GREECE), LAULAN PRESENTED SUMMARY ORAL REPORT OF HIS WASHINGTON CONSULTATIONS. LAULAN SAID THAT IN DISCUSSIONS WITH U.S. WORKING GROUP AGREEMENT HAD BEEN REACHED ON WORK UNDERTAKEN IN NATO THUS FAR. U.S. AUTHORITIES APPROVED CATEGORIES IN QUESTIONNAIRE BEING USED BY ECONOMIC DIRECTORATE WITH ALLIES AND PROVIDED AN ADDITIONAL LISTING OF ACDA COMMODITIES OF POTENTIAL MILITARY USE WHICH WOULD CONFIDENTIAL

PAGE 03 NATO 00801 01 OF 02 132132Z

BE CREDITABLE AS PROCUREMENT UNDER JACKSON-Nunn PROVIDED END-USE FOR MILITARY OR INTERNAL SECURITY PURPOSES ESTABLISHED. HE EMPHASIZED THAT HE HAD FOUND U.S. AUTHORITIES MOST UNDERSTANDING AND COOPERATIVE IN DEFINITIONS AND METHODOLOGY. TURNING TO WORK PROGRAM, LAULAN REMINDED COUNCIL THAT U.S. PRESIDENT MUST REPORT TO CONGRESS ON QUARTERLY BASIS. HIS UNDERSTANDING IS THAT FEBRUARY 16 REPORT WILL TAKE INTO ACCOUNT ACTIVITIES UNDERTAKEN IN NATO THUS FAR, AND THAT FOLLOWING REPORT ON MAY 16 SHOULD INCLUDE MORE DETAILED INFORMATION ON PROCUREMENT AND OTHER ACTION BY ALLIES TO OFFSET DEFICIT. FINAL REPORT TO CONGRESS, LAULAN CONTINUED, WOULD BE ON NOVEMBER

16 WHEN FINAL BALANCE OF PAYMENTS FIGURES FOR FY74  
WOULD BE AVAILABLE. LAULAN CAUTIONED THAT WHILE  
U.S. AUTHORITIES WERE PREPARED TO BE LIBERAL IN  
NOT REQUIRING DOCUMENTATION FOR EVERY TRANSACTION,  
DETAILED DATA SUCH AS COLLECTED BY BELGIANS WOULD  
BE REQUIRED, NOT MERELY GLOBAL PROCUREMENT FIGURES.

CONFIDENTIAL

PAGE 01 NATO 00801 02 OF 02 132122Z

64  
ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-11

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAM-01 SAJ-01 H-03 NSC-10 SS-20 ACDA-19 EB-11 OMB-01

DRC-01 /148 W  
----- 020119

R 131925Z FEB 74  
FM USMISSION NATO  
TO SECSTATE WASHDC 4061  
SECDEF  
DEPT OF COMMERCE  
INFO ALL NATO CAPITALS 3702  
AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 2 OF 2 USNATO 0801

3. WHEN QUESTIONED BY DE STAERCKE (BELGIUM) ON  
TIME PERIOD FOR COMPLIANCE WITH JACKSON-NUNN,  
LAULAN SAID THAT ACCOUNTING OF EXPENDITURES AND  
RECEIPTS WOULD BE DRAWN UP ON BASIS OF U.S. FISCAL  
YEAR ENDING JUNE 30, 1974. IF, WHEN THIS ACCOUNTING  
ACCOMPLISHED DURING NOVEMBER, THERE SHOULD REMAIN  
A U.S. DEFICIT ON MILITARY ACCOUNT WITH NATO EUROPE,  
HIS UNDERSTANDING WAS THAT EUROPEAN ALLIES WOULD  
HAVE UNTIL MAY 16, 1975, TO OFFSET DEFICIT WITH  
EXTRAORDINARY PROCUREMENT BEYOND NORMAL MILITARY  
PURCHASES. LAULAN SAID THIS WAS AN IMPORTANT  
CONSIDERATION WHICH ALLIES SHOULD NOT MISINTERPRET  
AS MEANING JACKSON-NUNN POSES NO REAL PROBLEM FOR  
NATO ALLIANCE. HE CAUTIONED THAT ADDITIONALLY IN  
MILITARY PROCUREMENT IS DIFFICULT TO IDENTIFY,  
AMBIGUOUS, AND SUBJECT TO INTERPRETATION. DE STAERCKE  
PERSISTED WITH HYPOTHETICAL QUESTIONS AS TO WHAT  
WOULD HAPPEN IF U.S. HAD A MILITARY DEFICIT WITH  
BELGIUM AT END OF JUNE 1974, AND WHAT TIME PERIOD  
WOULD BE ALLOWED TO COVER DEFICIT. LAULAN RESPONDED  
CONFIDENTIAL

PAGE 02 NATO 00801 02 OF 02 132122Z

BY REMINDING COUNCIL THAT JACKSON-NUNN WAS CONCERNED WITH NATO-WIDE RATHER THAN INDIVIDUAL COUNTRY DEFICITS, AND THAT ONLY CLEARLY EXTRAORDINARY MILITARY PURCHASES MADE AFTER JUNE 1974 COULD BE CONSIDERED. ANY OTHER INTERPRETATION WOULD MAKE ENTIRE AMENDMENT MEAINGLESS. LAULAN STRESSED THAT HE HAD FOUND UNDER-STANDING AND GOOD-WILL ON U.S. SIDE, AND THAT ALLIES SHOULD GET ON WITH IDENTIFYING PROCUREMENT DURING THIS FISCAL YEAR.

4. DE STAERCKE AGAIN STRESSED NEED FOR U.S. TO PROVIDE SAME DETAIL OF U.S. MILITARY EXPENDITURES WHICH IT WAS REQUIRING REGARDING RECEIPTS. HE THEN ASKED WHAT WAS BEING DONE TO IDENTIFY PROCUREMENT IN THE U.S. UNDER MULTILATERAL PROGRAMS SUCH AS NICSMA, NAMSA AND INFRASTRUCTURE. LAULAN COMMENTED THAT STUDIES WILL HAVE TO BE MADE IN THOSE ORGANIZATIONS.

5. MCAULIFFE SAID U.S. AUTHORITIES FROM ALL AGENCIES CONCERNED WERE PLEASED WITH CONSULTATIONS WITH LAULAN. THEY WERE IMPRESSED WITH WORK DONE TO DATE BY ECONOMIC DIRECTORATE, AND PARTICULARLY WITH BELGIAN EXAMPLE. HE WAS ABLE TO CONFIRM THAT DEFINITIONS OF ELIGIBLE MILITARY TRANSACTIONS PROVIDED LAULAN WERE OFFICIAL, THAT ALL CATEGORIES ON BELGIAN EXAMPLE WERE ACCEPTABLE, AND THAT U.S. WAS WILLING TO CONSIDER ITEMS ON SUPPLEMENTARY LIST GIVEN LAULAN PROVIDED THEY ARE INTENDED FOR MILITARY, INTERNAL SECURITY OR DEFENSE RELATED ATOMIC ENERGY PURPOSES. THE U.S. WAS GRATEFUL FOR EFFORT MADE THUS FAR AND HOPED OTHER ALLIES WOULD EMULATE BELGIAN EXAMPLE. MCAULIFFE ALSO SAID THAT U.S. HAD ALREADY DEDUCTED FROM OVERALL U.S. EXPENDITURES FIGURE OF \$2.5 BILLION THOSE EXPENDITURES NOT RELATED TO NATO COMMITMENTS, SUCH AS CERTAIN STRATEGIC COSTS AND PURCHASE OF HARRIER AIRCRAFT.

6. LUNS CONCLUDED WITH EXPRESSION OF SATISFACTION THAT LAULAN'S VISIT HAD BEEN SUCCESSFUL IN CLARIFYING SITUATION AND CORRECTING MISUNDERSTANDINGS. HE SUGGESTED LAULAN CIRCULATE WRITTEN REPORT OF HIS CONSULTATIONS, WHICH LAULAN SAID HE WOULD DO AFTER CLEARING WITH CONFIDENTIAL

PAGE 03 NATO 00801 02 OF 02 132122Z

U.S. AUTHORITIES (DRAFT OF PROPOSED LAULAN REPORT BEING SENT SEPTEL). MCAULIFFE

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 11 JUN 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ATO00801  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Film Number:** n/a  
**From:** NATO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740267/abbrtfy.tel  
**Line Count:** 213  
**Locator:** TEXT ON-LINE  
**Office:** n/a  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A) STATE 28373; B) STATE 29095  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAR 2002 by shawdg>; APPROVED <01 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NAC MEETING, 13 FEB 1974, AGENDA ITEM II: FINANCIAL PROBLEMS ARISING FROM THE STATIONING OF UNITED STATES FORCES IN EUROPE  
**TAGS:** PFOR, MCAP, EFIN, NATO  
**To:** STATE  
SECDEF  
DEPT OF COMMERCE INFO ALL NATO CAPITALS  
VIENNA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

